

EXHIBIT Q

(Part III)



ANNUAL CERTIFICATION PROCESS PHASES

PART III CONTROL ASSESSMENT AND CERTIFICATION

X -Roll Forward

It is the activity which assures that there has not been any significant change in the period between the test performed and the year-end date.

XI – Sign Off

It is the end of the Certification works, when all Petrobras system management staff which was part of the process electronically signs in the Process Control, **corroborating** with what has been documented.

CERTIFICATION PROCESS REQUIREMENTS

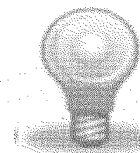


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PART III
CONTROL ASSESSMENT AND
CERTIFICATION

Certification by Company must compulsorily take into account:

- ❖ Acceptance by Senior Management with respect to its responsibility for internal control effectiveness.
- ❖ Assessment of internal control effectiveness from a standardized model (for instance, COSO).
- ❖ Submission, in writing, of the assessment made by Company concerning the internal control effectiveness.
- ❖ Evidences which support the assessment made by Company.
- ❖ As best practice, all levels responsible for control, from managers to the Executive Boards, should support CEO's and CFO's signature.



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- **COSO** (Committee of Sponsoring Organizations of the Treadway Commission) is a committee sponsored by several US private organizations, which include AICPA (American Institute of Certified Public Accountants) and IIA (Institute of Internal Auditors). Visit <http://www.coso.org>
- In 1992, it has published the work *Internal Control – Integrated Framework*, to help companies and other organizations to assess and improve their internal control systems. This work was broadly adopted by companies as the methodology for Certification under the light of SOX.
- In 2004, it has published the work "Enterprise Risk Management – Integrated Framework" which broadens internal control vision, in a more comprehensive relationship with the risk management of a company.

CERTIFICATION PROCESS REQUIREMENTS



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The evidences of the assessment performed must comprise:

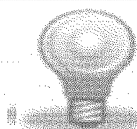
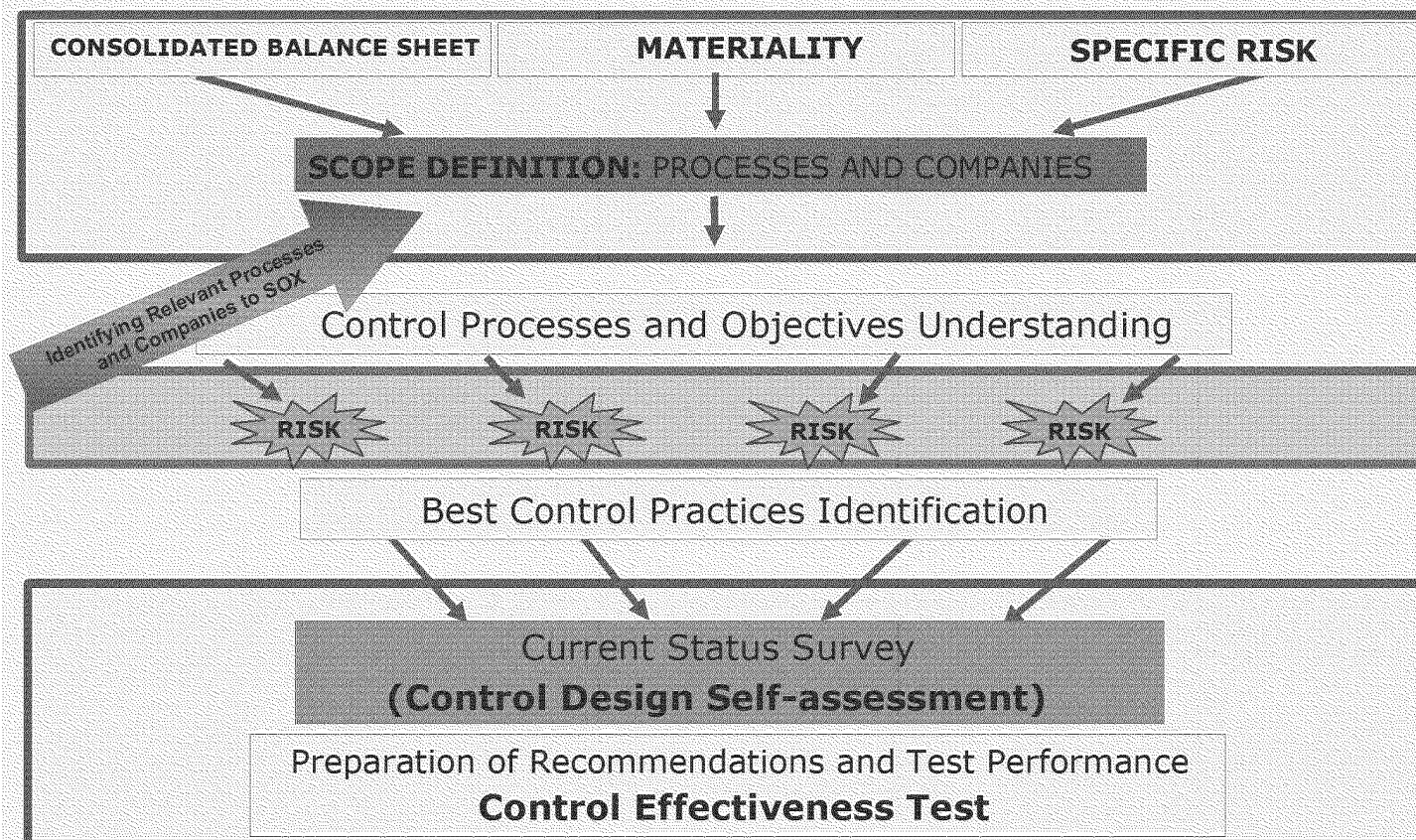
- ❖ Identification of companies, business units and processes included in the assessment, from the consolidated balance sheet.
- ❖ Process macro-flow updated design.
- ❖ Identification of most relevant risks of process and best control practices to mitigate risks.
- ❖ Assessment of the control current status adequacy with respect to the best practices required ("control design assessment").
- ❖ Test of control operating effectiveness.
- ❖ Identification and remediation of significant deficiencies and / or relevant gaps in control design or resulting from the test.
- ❖ Submission of the assessment results.



CERTIFICATION SCOPE

PART III
CONTROL ASSESSMENT AND
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Definition of the scope of companies, processes and relevant controls for the Certification



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- Materiality is the magnitude of errors or omissions in accounting information which may change or influence the judgment of company's target public.
- In Petrobras and in PifCo, there is a "Methodology for materiality calculation and scope definition - SOX" which sets forth that the processes which affect accounts with a balance in excess of 5% of the profit before Income Tax must be included in the Certification scope. Moreover, processes with specific risks such as Reserves and Derivatives must also be included in the scope.
- The review of the scope is performed by Internal Control General Management on a quarterly basis.

CERTIFICATION SCOPE



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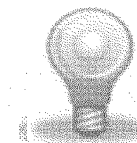
PART III
CONTROL ASSESSMENT AND
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Points to be considered on the determination of control relevance:

- ❖ Probability of causing errors in the statements due to their failure
- ❖ Rate in which other controls achieve the same objectives (coverage by direct entity-level controls – Direct ELC)

Relevant controls include those which:

- ❖ Act on the initialization, processing and record of relevant accounts balance, types of transaction and information for disclosure
- ❖ Are connected to anti-fraud programs and controls
- ❖ Support other controls
- ❖ Act jointly to achieve the same objective
- ❖ Are focused on non-systematic and / or non-routine transactions
- ❖ Act on the closing process of financial reports
- ❖ Are linked to relevant potential errors



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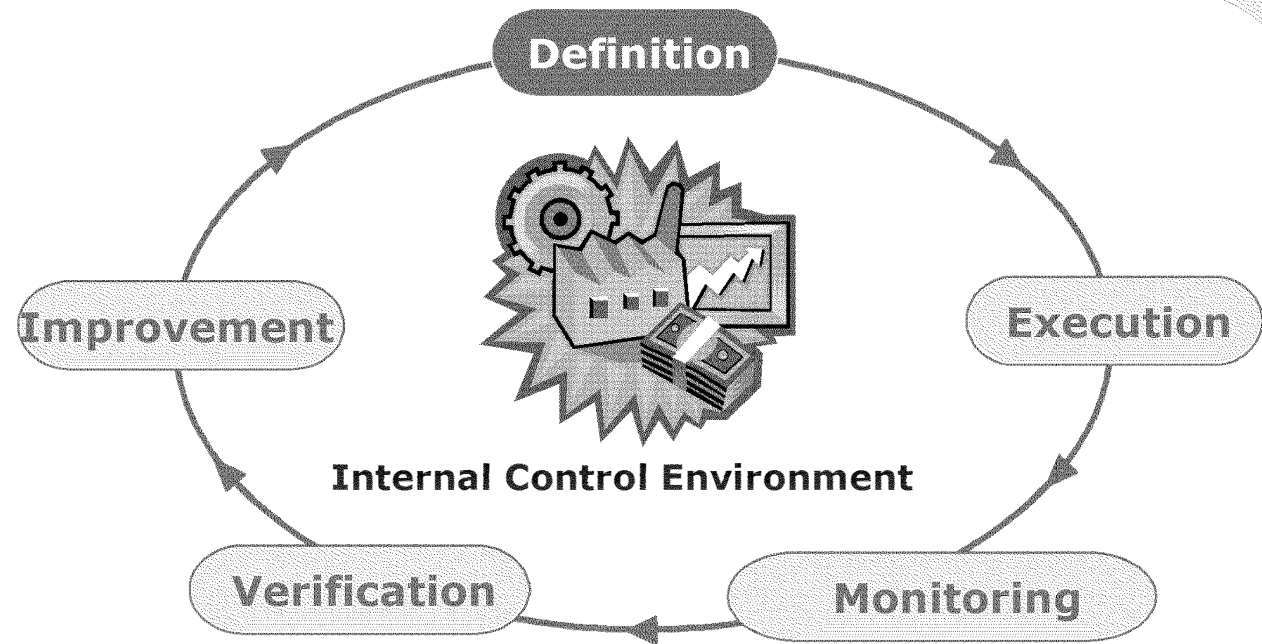
The Entity-Level Control (ELC) may be understood as a control which comprises the whole organization instead of specific locations. According to the US audit standard, it is divided into 2 types of controls:

1. Direct ELC: are designed to operate on a process, transaction or application level and may timely prevent or detect errors which could result in a material impact.

2. Indirect ELC: are controls indirectly linked to the financial statements and may not be effective in the prevention or detection of errors which could result in a material impact.

RESPONSIBILITIES AND COMPETENCES OF EACH AREA INVOLVED

PART III CONTROL ASSESSMENT AND CERTIFICATION



- Prepares the business strategies
- Defines general guidelines (policies) and limits of risk exposure
- Provides required resources
- Final responsible for control environment proper operation

**Senior
Management**

Business Areas

**Internal
Controls**

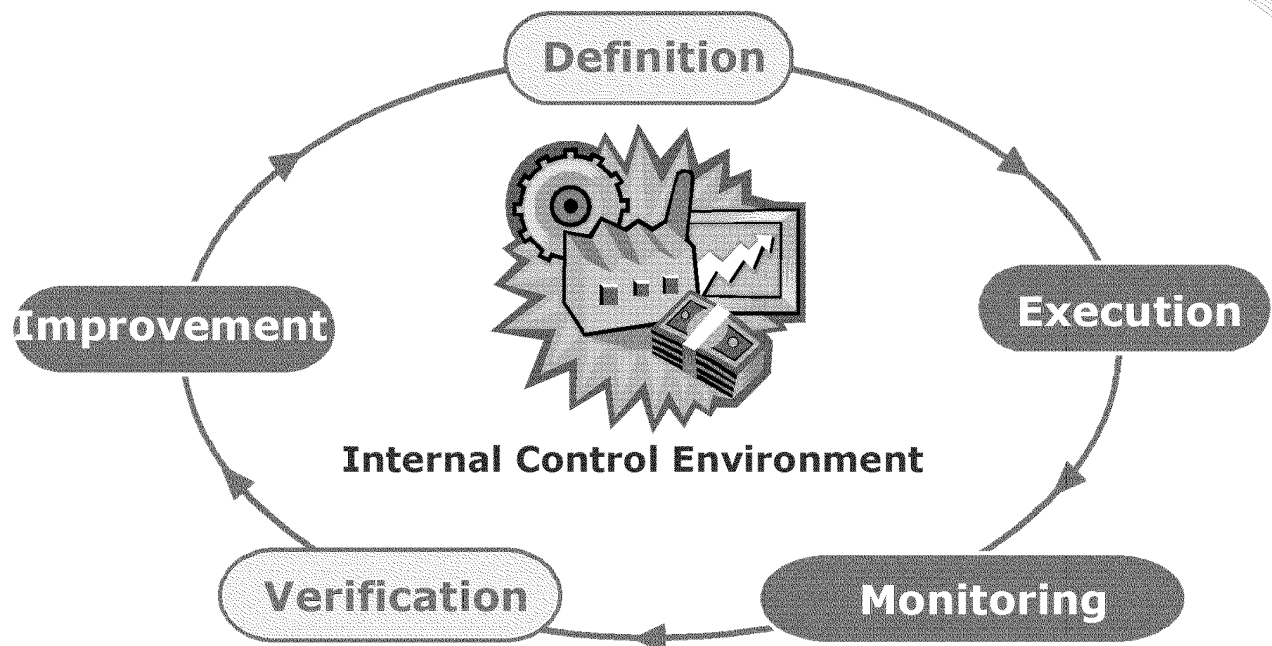
Compliance

Risk Management

Audit

RESPONSIBILITIES AND COMPETENCES OF EACH AREA INVOLVED

PART III CONTROL ASSESSMENT AND CERTIFICATION



- Executes the actions
- Performs the self-assessment process
- Monitors day-to-day operations (decision making)
- Take on risks
- Implements the controls

RESPONSIBILITIES AND COMPETENCES OF EACH AREA INVOLVED

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